



Deliverable D5.4

**Policy recommendations and RECs
Implementations Guidelines**

M33, Jun-26

Deliverable factsheet

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1. Introduction

1.1 Purpose of the deliverable

This deliverable provides policy recommendations aimed at **improving the enabling conditions for the development of RECs**, with particular attention to the role of local public authorities. It offers practical implementation-oriented guidance for communities, local stakeholders and emerging REC promoters interested in establishing community-based energy initiatives.

Islands are often more exposed to energy vulnerability, higher costs, dependence on imported fossil fuels, infrastructural constraints and climate-related pressures. But their limited scale, strong territorial identity and dense social relations may create **favourable conditions** for collective action, local governance and community-led models of renewable energy production and sharing.

In this perspective, RECs are considered not only as technical or regulatory tools, but also as **institutional and social mechanisms** through which local communities can actively **participate in the energy transition**. They can contribute to decarbonisation, improve local resilience, foster social acceptance of renewable energy, and generate environmental, social and economic benefits at local level. However, their successful implementation depends on a combination of enabling factors, including adequate regulation, supportive local governance, participatory processes, financial viability and fair benefit-sharing mechanisms.

The LIFE ISLET project studied the example of the pioneer island of Samsø, Denmark as best practice of community organisation and broad participation of citizens in local renewable energy initiatives. In addition, it implemented three pilot renewable energy communities and replicated the experience in other Mediterranean and EU islands.

This deliverable aims to translate these experiences and reflections into a **set of operational insights** that may be useful both within and beyond the project.

1.2 Target audiences

The primary target audiences of this deliverable are **local public administrators and existing or emerging Renewable Energy Communities**. In particular, the document is intended for municipalities, local authorities and public decision-makers that may play a strategic role in enabling, supporting or participating in community energy initiatives. This includes both administrations already engaged in local energy planning and those approaching RECs as a new policy instrument for local development, decarbonisation and social inclusion.

At the same time, the deliverable is addressed to **civic groups, associations, local promoters, organised citizens and community-based actors** interested in establishing or strengthening a REC. For these actors, the document is meant to provide an accessible framework for understanding the main governance, participation, financial and implementation issues that need to be addressed in order to move from general interest to concrete action.

The choice to focus on both public authorities and community actors reflects the nature of RECs themselves. In small-island contexts, their development often depends on the interaction between institutional support and grassroots initiative.

1.3 Methodological approach

This deliverable combines policy analysis with evidence generated throughout the LIFE ISLET project. It draws on the review of the European and national framework for Renewable Energy Communities (RECs), as well as on project-based knowledge collected through activities developed under **WP4** and Task 5.2 of **WP5**. This also includes tested participatory practices, local engagement activities and lessons learnt from the pilot islands.

In particular, the document builds on local engagement processes, partner exchanges, stakeholder feedback and lessons learnt from the pilot islands. These inputs made it possible to complement the regulatory and policy perspective with a more practice-oriented understanding of the conditions affecting REC development in small-island contexts.

The deliverable therefore integrates: (i) policy and regulatory analysis; (ii) evidence emerging from project activities; (iii) local feedback collected in the pilot territories; and (iv) cross-cutting lessons learnt from the experiences of **Procida, Astypalea and Cres**. On this basis, it develops policy recommendations and implementation-oriented guidance for public authorities and emerging RECs.

2. European and National Framework for Renewable Energy Communities

2.1 RED II and RED III – Definitions, rights and new elements for RECs

The European framework for Renewable Energy Communities (RECs) has been primarily shaped by the Clean Energy for All Europeans Package, and in particular by Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (RED II). RED II **formally recognises Renewable Energy Communities as legal**

entities based on open and voluntary participation, effectively controlled by members or shareholders located in the proximity of the renewable energy projects that they own and develop. According to the Directive, these members may include natural persons, local authorities, including municipalities, and small and medium-sized enterprises, provided that participation in the community is not their primary commercial or professional activity.

A defining feature of RECs is that **their primary purpose is not financial profit**, but the provision of environmental, economic or social benefits for their members, shareholders or the local areas in which they operate. This principle distinguishes RECs from conventional market actors and underlines their potential contribution to a **more democratic, inclusive and territorially embedded energy transition**. In this sense, the REC model reflects a broader shift in European energy policy, moving from a system centred on passive consumers towards one that acknowledges the active role of citizens, local communities and public authorities in energy production, management and sharing.

Member States are required to provide an **enabling framework for RECs** and to ensure that they can operate in a fair, proportionate and non-discriminatory manner. This includes the need to remove unjustified regulatory and administrative barriers and to consider the specificities of community-based energy initiatives.

While the basic definition and principles of RECs remain consistent with RED II, RED III reinforces the **urgency of implementation** and the need for faster, **more effective enabling frameworks at national level**. In practical terms, this means that Member States are expected not only to recognise RECs in formal terms, but also to ensure that legislative, administrative and planning conditions effectively allow them to emerge and operate.

For small islands, these European provisions are especially significant. The recognition of RECs offers a framework through which local communities, municipalities and small economic actors can participate more directly in renewable energy development, potentially reducing dependence on imported fossil fuels and **increasing local resilience**. In many national contexts, the opportunities opened by RED II and RED III still coexist with legal ambiguities, administrative burdens and operational constraints that may limit the practical accessibility of the REC model, especially in geographically peripheral and institutionally fragile territories.

2.2 EU policies for the decarbonisation of small islands and island territories

Within the broader European climate and energy agenda, islands have increasingly been recognised as strategic territories for decarbonisation. Many small islands still

face high energy costs, dependence on imported fossil fuels, infrastructure constraints and strong exposure to climate-related risks. At the same time, their limited scale and strong territorial dimension make them suitable contexts for testing integrated and community-based energy solutions.

A key reference in this field is the **Clean Energy for EU Islands** initiative, which has helped place islands more clearly within the EU decarbonisation agenda. The initiative underlines the need for tailored strategies that combine renewable energy deployment, energy efficiency, storage, sustainable mobility and stronger local governance, acknowledging that islands require place-sensitive policy approaches.

Small islands are therefore seen not only as vulnerable territories, but also as **potential laboratories for the energy transition**. However, this transition is often challenged by limited administrative capacity, constrained electricity systems, dependence on external expertise and difficulties in accessing investment. For this reason, EU policies increasingly stress the importance of **combining technological solutions with governance support**, local participation and capacity-building measures.

Island decarbonisation is also linked to broader territorial development perspectives, including the **blue economy**. In these contexts, energy transition is closely connected to tourism, fisheries, maritime activities, coastal services and local mobility. Linking renewable energy development with blue economy strategies helps frame decarbonisation not only as an environmental objective, but also as an opportunity for local resilience and sustainable development. In this perspective, Renewable Energy Communities can play a particularly relevant role, as they connect energy transition goals with local participation, community benefit and place-based development.

2.3 Recommendations for improving national REC legislative frameworks

While the EU framework has formally recognised Renewable Energy Communities, their effective development still depends on the quality of national transposition and implementation. In many cases, the main challenge is not the absence of regulation, but the **existence of frameworks that remain difficult to interpret, fragmented across procedures, or insufficiently adapted to local realities**. For this reason, improving national legislative frameworks is a key condition for making RECs more accessible and effective, especially in small-island contexts.

A priority is to **ensure greater legal clarity**. Rules concerning the constitution, membership, eligible activities and functioning of RECs should be defined in a clear and accessible way, so that municipalities, local groups and citizens can understand

the opportunities and requirements without excessive dependence on external expertise. Clearer legislation would **reduce uncertainty**, facilitate local initiative and strengthen the operational usability of the REC model.

A second priority concerns **administrative simplification**. The development of a REC often requires promoters to navigate legal, technical and procedural steps that may be complex and time-consuming. National frameworks should therefore **reduce unnecessary administrative burdens**, improve coordination among competent authorities and provide more streamlined procedures, particularly for small-scale and community-based projects.

National implementation frameworks should not only legally recognise RECs, but also ensure the existence of technically and administratively workable procedures for collective self-consumption, energy sharing, balancing and supplier interaction.

Another important area for improvement is the adaptation of legislative frameworks to the specific conditions of small and peripheral territories. Small islands may face limited administrative capacity, smaller project scale, higher logistical costs and infrastructural constraints that are not adequately reflected in general national rules. More enabling frameworks should therefore incorporate **flexibility and proportionality**, allowing community initiatives to develop under conditions that are realistic for local contexts.

In addition, guidance services, information platforms, model procedures and advisory support can play an important role in helping local authorities and community actors move from interest to implementation. Finally, legislation should encourage inclusive participation, transparent governance and fair benefit-sharing, including **attention to vulnerable households** and small local businesses. This would help ensure that RECs develop not only as energy projects, but also as socially embedded and territorially equitable initiatives.

In Croatia, the distinction and interaction between Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs), as well as their practical implementation mechanisms, remain institutionally and operationally complex.

2.4 Key regulatory and operational challenges for small islands

In small-island contexts, the implementation of RECs is often constrained by a **combination of regulatory uncertainty and practical barriers**. Even where enabling legislation exists, local actors may still face difficulties in turning the REC model into a functioning project.

From a regulatory perspective, complex procedures related to authorisations, grid connection, eligibility criteria and access to support schemes can slow down or

discourage local initiatives. This is particularly relevant in small islands, where municipalities and community groups often have **limited legal and administrative capacity**.

Operationally, islands may face infrastructure and scale-related constraints, including **limited grid capacity**, reduced local demand, **seasonal fluctuations** and **difficulties in integrating new renewable generation**. In addition, small-island projects often depend on a **limited number of motivated actors** and may struggle to access technical expertise, upfront investment and tailored financial support.

Finally, social and relational factors also matter. Uneven access to information, doubts about expected benefits and limited local trust can weaken participation and reduce collective commitment. For this reason, the implementation of island RECs requires not only enabling regulation, but also adequate **technical support, communication and local ownership**.

3. Environmental and Civic Activism as Drivers of Small-Island RECs

3.1 Sense of place, island identity and social roots of participation

A strong sense of place, rooted in everyday experience, local identity and shared belonging, can represent an important precondition for participation in collective energy initiatives. In islands, the territorial dimension is often particularly visible: resources are limited, interdependence is more tangible, and the effects of environmental and energy-related challenges are experienced more directly by the community.

This territorial rootedness can become a relevant **driver of engagement**. Participation is often more likely to emerge where people perceive energy transition not as an abstract policy objective, but as something connected to the future of the place in which they live. In this sense, island identity may help create the social basis for collective action, especially when local communities recognise common vulnerabilities, shared challenges or a broader need to **strengthen local resilience**. This place-based awareness may become even stronger when communities **recognize a common challenge** or a shared reason to act.

The example of the island of Samsø, Denmark, as well as project reflections and small-island experiences have highlighted the importance of the “here” dimension, namely the **significance of place as a source of motivation for change**. This includes not only attachment to the island as a physical space, but also a **sense of**

responsibility towards the local community and its future. Such place-based awareness can help create the conditions for people to step forward, engage with new ideas and take part in processes that require trust, dialogue and a degree of collective commitment.

Territorial belonging does not automatically generate participation, nor does it guarantee consensus. However, when recognised and mobilised through inclusive processes, it can provide a strong social foundation for community-led energy initiatives. For this reason, understanding local identity, lived experience and place-based motivations is an essential starting point for building Renewable Energy Communities in small-island settings.

3.2 Civic and environmental activism, local leadership and organised civil society

In small islands, a strong sense of place can become a driver of action when it is translated into civic initiative, environmental engagement and collective mobilisation. In this respect, the development of Renewable Energy Communities is often linked not only to formal policy frameworks, but also to the **presence of active citizens, trusted local actors** and community-based organisations capable of promoting dialogue and participation. RECs are more likely to emerge where local **energy transition is perceived as a shared community issue** rather than as an externally driven technical agenda.

Civic and environmental activism can play an important enabling role in this process. Local associations, informal groups, community organisations and environmentally engaged citizens may help **raise awareness, create spaces for discussion** and connect energy transition objectives with everyday local concerns. In small-island contexts, these actors can also contribute to **making the topic more accessible**, especially where energy issues are initially perceived as too technical or too distant from ordinary citizens' experience.

Within these processes, local leadership is particularly important. The community engagement process on Samsø, Denmark demonstrates that this leadership may be formal, such as that exercised by mayors, municipal representatives or other institutional figures, but it is often also informal. **Informal leaders are frequently individuals who are trusted within the community**, able to connect different groups, convene people around a common concern and create legitimacy around new initiatives. In small islands, where trust and proximity strongly shape public engagement, these figures can play a decisive role in opening participatory spaces and reducing resistance or scepticism. In this sense, **external actors may**

complement local mobilisation, but they cannot substitute the role of trusted local leaders.

While individual leaders may activate attention and trust, **associations and collective actors** can sustain engagement over time, mediate between different interests and support the practical organisation of participation processes. Their presence is particularly relevant in contexts where local administrations have limited capacity or where external actors need credible intermediaries to engage the wider community.

For these reasons, civic activism, local leadership and organised civil society should be understood as key social conditions for the emergence of island RECs. They help **transform territorial attachment into collective initiative**, strengthen local ownership of the transition process and create the relational infrastructure through which **community energy projects can become socially rooted and locally legitimate.**

3.3 Role of schools and educational institutions

Schools and educational institutions can play a significant role in supporting the social conditions needed for Renewable Energy Communities in small-island contexts. Although they are not usually the primary promoters of RECs, they can act as **important spaces for awareness-raising**, civic learning and cultural change. In this sense, their contribution goes beyond education in a narrow sense and relates more broadly to the **creation of an informed and participatory local community.**

One of their main strengths lies in their ability to make the energy transition more understandable and relevant to everyday life. Energy issues are often perceived as technical, distant or reserved for experts. Schools can help bridge this gap by **translating complex topics into accessible knowledge** and by fostering environmental awareness among younger generations. This can support the development of a **more widespread local understanding** of why community energy matters and how it connects to the future of the island.

Educational institutions can also function as incubators of participation. By involving students, teachers and families, they create opportunities for intergenerational dialogue and help connect energy transition with broader questions of citizenship, responsibility and collective well-being. In small islands, where **schools often play an important social role within the community**, this function can be particularly valuable.

Moreover, schools may contribute to building a longer-term culture of engagement. While REC projects often depend on immediate organisational and financial conditions, their long-term sustainability also requires social legitimacy and shared understanding. Educational settings can help nurture this cultural dimension,

encouraging openness to innovation, **collective responsibility** and greater familiarity with participatory approaches.

For these reasons, schools and educational institutions should be considered relevant supporting actors in island REC processes. Their role is not primarily technical, but educational, social and cultural: they help create the conditions under which participation can broaden, community awareness can deepen, and local energy transition can become more widely understood and supported.

4. Participatory Pathways for Building RECs

4.1 The value of participatory processes in small islands

While RECs rely on legal, technical and financial frameworks, their actual viability often depends on the capacity to **build trust**, shared understanding and collective commitment among local actors. In this sense, **participation** is not an optional complement to implementation, but one of its core enabling conditions.

This is particularly relevant in small islands, where social relations are often dense, visibility among actors is high, and the **social acceptance of new initiatives** can strongly influence project outcomes. In such contexts, decisions related to energy transition are rarely perceived as purely technical matters. They tend instead to intersect with local identities, everyday concerns, existing social balances and expectations about fairness, benefits and responsibility.

A **participatory approach** can also improve the quality of decision-making. By involving citizens, local stakeholders, associations, public authorities and other relevant actors from an early stage, it becomes easier to identify needs, anticipate concerns, clarify misunderstandings and adapt the initiative to local conditions. This is especially important for RECs, whose success depends not only on formal compliance, but also on whether the community perceives the **project as understandable, credible and relevant**.

In small-island settings, participation also plays a strategic role in strengthening local ownership. When people are involved only at the end of a process, or merely informed about decisions already taken, the risk is that the REC will be seen as **externally driven or socially distant**. By contrast, meaningful participation can help transform initial interest into active engagement, shared responsibility and longer-term commitment. This is essential for building REC models that are not only technically feasible, but also **socially rooted and durable over time**.

For these reasons, participatory processes should be understood as a **key pillar** of island REC development. They help **connect policy objectives with local realities**,

reduce the distance between technical planning and community life, and create the social legitimacy needed for the energy transition to become both feasible and collectively supported.

4.2 The three dimensions of the method

The method adopted for supporting island REC development can be understood through three interrelated dimensions: an informative dimension, a deliberative dimension and an organisational dimension. These three dimensions are consistent with the project experience, which highlighted participatory planning, community work and co-design as interconnected fields of intervention.

The first dimension is **informative**. Participation cannot develop meaningfully if citizens and local stakeholders do not have **access to clear, accessible and relevant information**. In small islands, energy issues are often perceived as highly technical, while local communities may initially feel excluded from the discussion. A first task of the participatory process is therefore to **make the REC concept understandable**, explain **opportunities and limits**, and connect the energy transition to everyday local concerns. This dimension is essential for reducing informational asymmetries and creating the basic conditions for wider engagement.

The second dimension is **deliberative**. Once information has been made accessible, participation needs to create spaces in which different actors can discuss, question, interpret and **negotiate the meaning of the initiative**. In small-island contexts, this is particularly important because RECs are embedded in dense social environments where expectations, concerns and local interests may differ significantly. A deliberative dimension allows the process to move beyond one-way communication and to become a **space of exchange, trust-building and collective reflection**. It is through this dimension that participation becomes socially meaningful and locally legitimate.

The third dimension is **organisational**. Participation becomes effective only when it helps translate interest and dialogue into more stable forms of coordination, responsibility and action. In the case of RECs, this means **identifying roles**, building alliances, clarifying who is involved, and preparing the ground for governance, implementation and continuity over time. In small islands, where initiatives often depend on a **limited number of actors** and on fragile local capacities, this organisational dimension is essential for ensuring that participation does not remain episodic, but contributes to the emergence of a viable community project.

These three dimensions should not be understood as separate phases in a rigid sequence, but as **interconnected components** of a participatory pathway. Information supports deliberation, deliberation strengthens ownership, and organisation gives

continuity to collective engagement. Taken together, they provide a practical framework for accompanying local communities through the early stages of REC development and for ensuring that the process remains both inclusive and implementation-oriented. This is particularly important in island settings, where the quality of participation can directly influence the social legitimacy, feasibility and long-term sustainability of the initiative.

4.3 Facilitation methods and tools

In small-island contexts, participatory processes require facilitation methods and tools that are **accessible, flexible and closely adapted** to local social dynamics. Since Renewable Energy Communities often involve actors with different levels of knowledge, interests and availability, facilitation should aim not only to inform, but also to **create trust, encourage dialogue and support gradual forms of engagement**. In this sense, methods and tools are not neutral instruments: they directly influence who participates, how participation unfolds and whether the process is perceived as inclusive and credible.

A first principle of effective facilitation is to **meet people where they are**. In small islands, clean energy and REC-related issues may initially be perceived as technical and reserved for experts, which can discourage wider participation. For this reason, facilitation should begin with formats that lower barriers to entry, use **accessible language** and connect the discussion to everyday local concerns. Early-stage tools such as public meetings, introductory sessions and open community assemblies are particularly useful when they **create space for questions**, clarification and initial exchange rather than one-way communication.

A second important element concerns the role of **trusted intermediaries**. The experience from the island of Samsø, Denmark highlights that local leaders and local initiative are key factors in approaching island communities, and that **external actors can support but not replace this role**. Facilitation is therefore more effective when it is anchored in **people who are recognised locally**, able to convene others and capable of building legitimacy around the process. This includes both formal institutional actors and informal leaders, as well as local organisations that can function as ambassadors, reach different parts of the community and help maintain contact over time.

A third group of tools includes **participatory workshops, focus groups and small-group discussion formats** that allow participants to move from general awareness to more structured reflection. In this respect, the Samsø methodology underlines that meeting forms matter. The **circle**, for example, is presented as a learning tool that creates the experience of shared leadership, while more broadly the method stresses the importance of embracing differences and **giving centrality to reflection and**

conversation. This suggests that facilitation in island REC processes should privilege formats that enable **exchange across sectors**, support listening and reduce hierarchical forms of discussion.

Facilitation also benefits from **visual, simplified and place-based tools** that make technical information easier to understand. Maps, diagrams, scenario sketches, practical examples and grounded explanations can help reduce informational asymmetries and make the REC concept more accessible to non-expert participants. These tools are especially useful when combined with discussion formats that allow participants to relate technical options to local needs, perceived benefits and concrete island conditions. Facilitation also depends on practical design choices, including **accessible venues, suitable schedules, clear ground rules** and the ability to document outcomes and next steps.

Finally, meaningful facilitation requires **continuity**: the importance of allowing enough time for citizens to think and discuss, ensuring that everyone receives the same information, and putting in place communication processes that return to people with updates and feedback. This highlights that facilitation is not limited to single events but should be understood as an **ongoing process** of information-sharing, dialogue and trust-building. In small-island settings, where participation is shaped by proximity, reputation and repeated interaction, this continuity is essential for **transforming initial interest into ownership and collective action**.

4.4 Enabling conditions for meaningful participation

Participation is meaningful when people are not only invited but are also placed in a position to understand the process, contribute to it and see how their involvement can influence its direction.

A first enabling condition is **accessibility of information**. Citizens and local stakeholders need clear, understandable and non-technical information on what a REC is, what opportunities and limits it entails, and how it relates to local needs and everyday concerns. This also means ensuring that information is shared in ways that are understandable for those who are not already familiar with energy issues, and that all participants have access to the same basic knowledge base.

A second condition is **time**. Participation requires time to reflect, discuss and build confidence. In small-island contexts, where trust and social relations matter greatly, rushed processes may generate confusion, superficial consent or resistance. Meaningful participation therefore depends on allowing enough time for people to think about the proposal, discuss it among themselves and return with questions, concerns or ideas.

A third condition is **continuity and feedback**. Participation cannot be reduced to isolated events. It needs communication processes that regularly return to the community, provide updates, address questions and explain how the process is evolving. This continuity helps build trust, avoids the perception that participation is merely symbolic, and supports the gradual consolidation of ownership around the initiative.

Another crucial condition is **broad and inclusive outreach**. Meaningful participation requires attention to who is present and who remains excluded. Small-island communities are often socially close, but this does not automatically guarantee equal inclusion. Dedicated efforts may be needed to **involve people who are less informed, less visible in public discussions, or less able to attend conventional meetings**, including vulnerable groups, minorities, people with care or work constraints, and residents living in less connected parts of the island.

Another enabling condition is a sound **stakeholder mapping process**, capable of identifying who should be involved, how they can be reached, and which forms of engagement are most appropriate for different groups. In small-island contexts, mapping stakeholders is not only a preliminary technical exercise, but a strategic step that helps **tailor participation to local roles, interests, vulnerabilities and capacities**. A further enabling factor is the presence of **trusted local actors** able to mediate the process. Local leaders, community organisations and other recognised intermediaries can help create legitimacy, widen outreach and connect the REC process to existing local networks. Their involvement is particularly important where external actors or technical experts alone may struggle to gain trust or activate participation.

Finally, meaningful participation requires **clarity on purpose and room for influence**. People are more likely to engage when they understand **why they are being involved**, what stage the process has reached, and whether key decisions are still open to discussion. If participation takes place only after the main choices have already been made, it may weaken trust and reduce commitment. By contrast, when communities are involved early and transparently, participation can become a real driver of ownership, legitimacy and long-term support for the REC initiative.

4.5 Managing community perceptions, expectations and concerns

Managing community perceptions, expectations and concerns is a crucial part of building Renewable Energy Communities in small-island contexts. Even when a participatory process is formally in place, the REC may still be perceived as too technical, too complex or too distant from everyday concerns. For this reason,

participation should not only provide information but also help shape a **shared and realistic understanding** of what the initiative is, what it can deliver and what it requires from the community.

A first issue concerns **expectations about benefits**. Citizens and local stakeholders may support a REC for different reasons, including lower energy costs, environmental commitment, greater autonomy or collective territorial benefit. These expectations should be acknowledged but also discussed realistically. It's important to clarify whether there are collective benefits for the island community, how these are communicated, who may benefit individually, and whether the suggested projects are perceived as realistic by local actors.

A second issue concerns the perception of **control and fairness**. Participation may weaken when people feel that the main decisions have already been taken before they are invited, or when they are unsure whether **their views can still influence the process**. In small-island contexts, where proximity and visibility are high, these perceptions can quickly affect the legitimacy of the initiative. It is therefore important to make clear what is still open to discussion, who is involved in the preparation phase and how responsibilities and benefits are expected to be shared.

A third issue relates to **realism and credibility**. Community energy projects are more likely to gain support when they are seen as **understandable, feasible and proportionate to local capacities**. If the initiative is perceived as overly ambitious, poorly explained or disconnected from the island context, doubts and scepticism may grow. Managing expectations therefore means aligning the narrative of the REC with concrete local conditions, explaining its contribution to a broader island transition pathway and **avoiding promises that cannot be sustained** over time.

For these reasons, managing perceptions is not a secondary communication task, but a core part of REC development. It helps build trust, reduce misunderstanding and support a form of participation based not on vague enthusiasm, but on clarity, realism and shared ownership of the transition process. This also means that **perceptions and concerns should be revisited over time**, since **participatory processes evolve with community reactions and cannot be treated as fixed or linear pathways**.

5. REC Governance Models: Citizens and Municipalities

5.1 Citizen-led REC vs Municipality-led REC: opportunities and risks

Governance is a crucial dimension in the development of Renewable Energy Communities, as it shapes not only how decisions are taken, but also **how legitimacy, ownership and responsibility are distributed among local actors**. Among the possible governance options, two models frequently emerge as reference points: citizen-led RECs and municipality-led RECs.

A **citizen-led REC** is generally characterised by strong grassroots initiative and a high degree of **direct community involvement**. Its main strength lies in its capacity to embody the principles of participation, local ownership and energy democracy. When citizens play a central role in initiating and governing the REC, the project may benefit from stronger social legitimacy, greater local rootedness and a clearer perception that the energy transition is being shaped from within the community rather than imposed from outside. At the same time, citizen-led models may face important challenges. In small-island settings, local groups often operate with limited technical, legal and administrative capacity, and **projects may depend heavily on a small number of motivated individuals**. This can make the **process more fragile over time**, especially when the organisational burden becomes difficult to sustain or when continuity depends on voluntary engagement alone.

A **municipality-led REC**, by contrast, can benefit from the **institutional capacity, visibility and coordination role of local public authorities**. Municipalities may provide administrative support, facilitate access to information and partnerships, and help frame the REC within broader local strategies for decarbonisation and development. In contexts where public institutions are trusted and proactive, this model may **accelerate the process** and **give the initiative greater stability**. However, municipality-led models may also present risks. If the **process is perceived as too top-down**, citizens may feel less directly involved and the REC may be seen more as a public project than as a genuinely shared community initiative. In these cases, participation may become weaker, and the **sense of ownership among local actors may remain limited**.

For this reason, neither model should be considered universally preferable. In small islands, the most suitable governance arrangement depends on local conditions, including the strength of civic initiative, the capacity of public institutions, the level of trust among actors and the wider social context in which the REC is being

developed. Project experience suggests that municipal leadership may either strengthen trust or **trigger scepticism**, depending on how transparent, inclusive and politically neutral the process is perceived to be. The key issue is not only who leads, but whether the governance model is able to **combine legitimacy, inclusion, operational capacity and long-term commitment**.

5.2 Hybrid governance models (public–community partnerships)

In small-island contexts, more balanced and effective arrangements may emerge through hybrid governance models, in which public authorities, civic actors and other local stakeholders **share roles and responsibilities in different ways**. These public–community partnerships can be particularly relevant where neither grassroots initiative alone nor institutional leadership alone is sufficient to ensure both legitimacy and implementation capacity. The main strength of hybrid models lies in their potential to combine complementary resources. Municipalities may provide institutional visibility, administrative coordination, access to information and links with broader planning or funding frameworks. At the same time, citizens, local associations and community-based actors can contribute local trust, social rootedness, mobilisation capacity and a stronger sense of ownership. When these roles are well balanced, hybrid governance can help reduce the weaknesses often associated with more unilateral models and create a more resilient basis for REC development.

Hybrid arrangements may also support a **more credible and inclusive decision-making process**. In small islands, where social proximity and local visibility are high, governance models are judged not only by their formal design, but also by whether they are perceived as fair, transparent and genuinely shared. At the same time, hybrid models are not automatically effective. Their success depends on the **clarity of roles, the balance of power among actors and the quality of the relationship between public institutions and local communities**. If municipalities dominate the process excessively, the partnership may reproduce a top-down logic under a more collaborative label. Conversely, if responsibilities remain unclear or too dispersed, the governance structure may become weak, slow or difficult to sustain. For this reason, hybrid models require careful design, explicit rules and a shared understanding of decision-making procedures, responsibilities and expected benefits.

When based on trust, transparency and a realistic distribution of roles, public–community partnerships can provide a strong foundation for energy communities that are not only technically and administratively viable, but also socially legitimate and territorially embedded.

5.3 Fair benefit-sharing and social inclusion

The governance of a Renewable Energy Community cannot be assessed only in terms of who leads the initiative or how decisions are formally organised. It must also be evaluated in relation to how benefits, responsibilities and opportunities for participation are distributed within the community. In small-island contexts, this aspect is particularly important because local societies are relatively visible and interconnected, and **perceptions of fairness can strongly influence the legitimacy and long-term sustainability of the initiative.**

RECs are expected to generate environmental, economic and social value, but these benefits do not automatically reach all actors in the same way. A REC is more likely to gain stable support when the expected benefits are transparent, understandable and linked not only to individual participation, but also to the wider public interest of the island community. **Clarity on who benefits, how, and under what conditions is therefore essential.**

Inclusion is also a matter of credibility, since communities are more likely to support a REC when those who are expected to benefit are involved early and can clearly understand the project's value and feasibility. This also applies to the **relationship between RECs and energy poverty**. In small-island territories, high energy costs, seasonal employment, lower incomes and infrastructural fragilities may increase vulnerability. In this sense, the social value of a REC depends not only on renewable energy production, but also on its capacity to reduce inequalities and create more inclusive forms of access. This may require specific governance choices, including eligibility criteria, **targeted support measures** or mechanisms that prevent vulnerable households from being excluded simply because they lack financial resources or technical capacity. **Vulnerable households should be considered as relevant actors** whose needs and constraints must be taken into account in the design of the initiative. Similarly, the **involvement of local SMEs** can strengthen the territorial embeddedness of the REC, broaden its social base and connect energy transition with local development. **A more inclusive REC is often also a more credible and resilient one**, because it is better able to reflect the diversity of the island community.

Transparent benefit-sharing, attention to vulnerability and the active involvement of different local actors can help ensure that the REC develops not only as a technically viable energy project, but also as a **socially legitimate and territorially equitable initiative.**

6. REC Financing and Business Models

6.1 Financial viability as an enabling condition for small-island RECs

Financial viability is a **key enabling condition** for the development of Renewable Energy Communities in small-island contexts. Even where there is strong local interest, supportive governance and active participation, REC projects are unlikely to move from initial mobilisation to implementation **if their economic basis remains unclear or fragile**. For this reason, the financial dimension should be understood as part of implementation planning rather than as a separate technical issue.

Small islands often face specific constraints that can affect the sustainability of REC projects. These include **limited project scale, higher logistical costs, grid and operating constraints**, and **more difficult access to conventional finance**. The business plans developed within LIFE ISLET confirm that island RECs may face distinct financing challenges linked to limited resources, restricted access to traditional funding sources, and the need to tailor business and financing plans to each pilot island context.

In this perspective, financial viability should be understood **less as a purely technical matter and more as a practical condition for implementation**. A REC can only become operational and durable **if its financial structure is credible**, manageable and coherent with local conditions.

6.2 Lessons from the pilot business plans

The business plans developed for the three pilot islands show that there is no single financial model that can be applied uniformly to all small-island RECs. Rather, financial and business planning must be **adapted to the regulatory framework, technical conditions, beneficiary structure and organisational capacity of each island**. In this respect, the main value of the pilot business plans lies not in providing one standard solution, but in showing how different REC projects require **different configurations of business model**, cost structure, funding mix and implementation pathway.

The **Astypalea** business plan is based on a virtual net-billing approach and places strong emphasis on shared self-consumption, energy cost savings and the role of mixed funding sources. The financial plan combines development expenditure, capital expenditure, operational expenditure, profitability assessment and a funding strategy that includes member contributions, grants, possible ESCO support, bank lending and crowdfunding. This case highlights the importance of aligning the

business model with the **conditions of a non-interconnected island**, where grid constraints, limited scale and local energy needs strongly shape project feasibility. The **Cres** business plan follows a different logic and explores a broader range of financial structures, including a virtual PPA model, debt financing and alternative financing option. It also places particular emphasis on financial scenario analysis, risk assessment and profitability projections. This suggests that, in some contexts, the viability of a REC may depend less on direct self-consumption and more on the ability to **structure a stable and credible financial model** within a more complex market environment.

The **Procida** business plan combines business model assessment, cost estimation, revenue projections, funding gap evaluation and implementation planning within the specific Italian regulatory framework. It confirms the importance of matching the project's financial structure with the local legal context, available incentives and expected beneficiary profile. It also shows that administrative expenses, development costs and operating sustainability need to be considered from the outset, even in projects of relatively limited size.

Taken together, the three pilot business plans suggest a few common lessons. First, financial viability depends on **context-specific choices** rather than on one ideal model. Second, **public support** and mixed financing approaches are often necessary, especially in the initial stages. Third, cost assumptions, governance arrangements and beneficiary structure need to be aligned from the beginning. For this reason, business planning for island RECs should be understood as a **strategic and adaptive exercise that connects technical, organisational and financial realism**.

6.3 Practical guidance for structuring a credible REC project

For local authorities and emerging REC promoters, the main lesson is that a credible project should start from **realistic assumptions**. This means defining a project size that is proportionate to local demand, available technical conditions and organisational capacity, rather than aiming at an overly ambitious model from the outset. The pilot business plans show that financial credibility depends not only on expected returns, but also on the coherence between the business model, the number and type of beneficiaries, the governance structure and the available support mechanisms.

A second practical point is that REC financing should rarely be based on a single source. The pilot cases all point, in different ways, to the importance of **blended approaches, combining member contributions, public support, external financing and other complementary instruments**. This does not mean that every project needs a complex financial architecture, but rather that local promoters should assess early where the funding gap lies and which mix of resources is most realistic in their context.

It is equally important to account for **non-technical and recurring costs** from the beginning. Development expenses, administration, legal support, reporting, maintenance and community coordination all affect long-term viability. A REC may appear feasible if attention is limited to installation costs alone but become fragile later **if governance and operational needs are underestimated**. In small-island contexts, where local capacity is often limited and projects may depend on a relatively small number of active actors, this aspect is particularly important.

Finally, financial planning should not be separated from participation and local ownership. A project is more likely to remain viable over time when its economic model is understandable, transparent and perceived as fair by those involved. In this sense, a credible REC project is not only one that can attract funding, but one that can also **maintain trust, legitimacy and collective support throughout implementation**. This is consistent with the broader project experience, which shows that even technically solid initiatives require trust-building, responsiveness and adaptation to local dynamics in order to become durable and socially supported.

7. Case Studies: Insights from the ISLET Islands

7.1 Procida (Italy)

The Procida case demonstrates how Renewable Energy Communities (RECs) can become effective instruments not only for the energy transition of small islands, but also for **strengthening local participation, institutional cooperation and long-term community resilience**. Within the LIFE ISLET framework, the island progressively developed a structured pathway combining **technical analysis, stakeholder engagement and local governance support**, ultimately leading to the establishment of the REC “C.E.R. Prochyta ETS”.

The preparatory phase focused on the **assessment of Procida’s local energy profile**, characterised by high dependence on imported electricity, **limited available land, strong landscape constraints** and pronounced **seasonal energy demand fluctuations** linked to tourism. The analysis highlighted the significant potential for distributed photovoltaic generation on existing public and private buildings, together with opportunities for collective self-consumption schemes capable of improving local energy efficiency and reducing energy costs for citizens and public entities. Attention was dedicated to ensuring coherence between the REC initiative and the **municipality’s broader sustainability and decarbonisation strategies**, including previous experiences developed through European projects.

An essential component of the Procida experience was the **participatory and awareness-raising process** carried out throughout 2024 and 2025. **Public meetings,**

workshops, informal dissemination activities and **direct engagement** with citizens, professionals, schools, condominium representatives and local associations helped progressively increase awareness regarding the functioning and benefits of Renewable Energy Communities. The presence of a **trusted community facilitator** proved especially important in building credibility, addressing scepticism and connecting technical discussions with everyday local concerns. The process demonstrated that, especially in small-island contexts, **social trust and continuous local facilitation** are decisive factors for **overcoming initial scepticism** and translating technical concepts into **understandable and concrete opportunities for the community**.

The establishment of the REC was therefore approached not merely as an energy infrastructure initiative, but as a collective governance process rooted in social inclusion, democratic participation and local benefit-sharing. This approach contributed to the **creation of a founding group** capable of supporting the legal and organisational structuring of the community, including the drafting of the statute, the definition of governance principles and the identification of potential pilot investments. The experience also confirmed the strategic importance of visible demonstration projects on public buildings, which helped make the REC concept **more tangible and accessible to the wider population**.

From an operational perspective, the Procida experience underlines several relevant lessons for the implementation of REC support services. Firstly, **local facilitation and institutional credibility** are fundamental for ensuring stakeholder participation and continuity over time. Secondly, REC initiatives benefit significantly when integrated into **existing municipal strategies** and broader territorial development objectives. Finally, a **gradual and phased approach** – combining awareness raising, technical assessment, legal structuring and pilot implementation – appears particularly effective in generating trust, strengthening community ownership and creating favourable conditions for long-term REC development.

Overall, Procida represents a relevant example of how small islands can use Renewable Energy Communities not only as instruments for decarbonisation and energy efficiency, but also as **platforms for social innovation, local empowerment and participatory energy governance**.

7.2 Astypalea (Greece)

The Astypalea case illustrates how the establishment of a Citizen Energy Community can be built through a **gradual process** combining strong municipal involvement, close contact with the local community and continuous adaptation to island-specific conditions. In the preparatory phase, particular attention was given to **understanding**

the island's social and economic dynamics, the specific situation of the settlement of Maltezana, and the **technical restrictions affecting renewable energy development in a non-interconnected island system**. This initial work helped identify a locally grounded project focus and confirmed the central role of the Municipality of Astypalea as both institutional partner and trust-building actor throughout the process.

A key feature of the Astypalea pathway was the decision to concentrate the initiative on Maltezana, a **more remote settlement with distinct socio-economic characteristics** compared with the island's more tourism-oriented areas. This made it possible to frame the Energy Community not only as a renewable energy project, but also as a locally targeted initiative to **support community development and reduce electricity costs**. From spring 2024 onwards, stakeholder mapping, household-level data collection, meetings with residents and businesses, and the progressive clarification of the legal framework helped transform this initial idea into a concrete CEC project. The process then moved **from awareness-raising to the drafting of the statute**, the collection of signatures and supporting documents, and the eventual registration of the "Maltezana Energy Citizens' Energy Community."

From an implementation perspective, Astypalea highlights the importance of **combining technical preparation with intensive local engagement**. The roadmap shows that one-to-one discussions, the visible presence of local authorities, and **constant communication** were essential for building trust and keeping potential members involved, especially in a context marked by seasonal absences and procedural complexity. At the same time, the case also reveals some of the key barriers affecting island REC development: **legal and administrative procedures** proved longer and more complex than expected; technical restrictions related to grid capacity required **early dialogue with relevant authorities**; and special care was needed when defining the statute in order to balance the interests of households, businesses and the municipality. The Astypalea case is therefore particularly valuable as an example of how **local facilitation, municipal support and flexible planning** can help a small-island REC move from concept to formal establishment.

Based on the Astypalea case, several **policy recommendations** emerge that could support the more effective development of Citizen Energy Communities (CECs), particularly in island and remote contexts:

- **Simplification and harmonisation of establishment procedures:** the current process for establishing Energy Communities is often long and administratively complex, with significant differences observed between regions of the country. Procedures may vary across Chambers of Commerce, leading to uncertainty and delays. A common, standardized national procedure should be established, with clear and uniform guidelines applicable

to all regional Chambers of Commerce, in order to reduce administrative barriers and improve predictability for local initiatives;

- **Targeted financial incentives for Energy Communities:** there is a need for stronger and more targeted financial support mechanisms for the establishment and operation of Energy Communities, especially for renewable energy (RES) projects in remote and rural areas such as Astypalea and Maltezana. Dedicated funding schemes, subsidies, or preferential financing tools could significantly enhance project viability and encourage local participation;
- **Increased grid capacity allocation for Energy Communities:** more dedicated electrical capacity should be reserved within distribution grids for RES projects developed by Energy Communities. This is particularly critical for remote, non-interconnected islands where grid capacity is already limited. Prioritizing Energy Community projects in grid allocation planning would ensure fair access and enable the deployment of locally driven energy initiatives;
- **Adaptation of virtual net billing schemes to island conditions:** the implementation of virtual net billing schemes should consider the strong seasonality of energy demand in tourist islands. The current framework emphasizes self-consumption maximization, which is difficult to achieve in contexts where consumption is highly seasonal—such as tourism-based economies. Hotels and restaurants may achieve high consumption during the summer months (May to September), but very low or near-zero consumption during the rest of the year. Therefore, more flexible seasonal or differentiated schemes should be introduced, allowing Energy Communities to better align production and consumption patterns under realistic island conditions.

7.3 Cres (Croatia)

The Cres case is particularly relevant because it shows how the establishment of a Renewable Energy Community may depend not only on local mobilisation and technical preparation, but also on the **interpretation and practical operability of the national legal framework**. From the outset, the initiative was built around a **strong local basis**, involving the Town of Cres, the kindergarten, the museum and the wider experience of the Apsyrtides Energy Cooperative. The original idea was to create a REC capable of enabling energy sharing among public institutions, using the kindergarten rooftop as the most feasible site for photovoltaic installation, while also linking the initiative to a broader community energy trajectory already present on the island.

A distinctive feature of the Cres pathway was precisely the interaction between an existing cooperative ecosystem and the attempt to create a formally compliant REC under Croatian law. The roadmap shows that this process was supported by **peer learning, continuous information-sharing** and engagement at both national and European level. At the same time, it also revealed major legal and administrative uncertainties. The **initial registration attempt was ultimately rejected** because of the interpretation of governance and founding-member requirements, despite the project's coherence with local needs and broader REC objectives. This made Cres less a straightforward implementation case and more a real-life test of how partially operationalised regulatory frameworks, legal ambiguity and the absence of fully functional implementation mechanisms can significantly obstruct otherwise well-prepared community initiatives.

For this reason, Cres offers particularly important lessons: it shows that community energy development may require **persistence, legal adaptation** and **institutional advocacy** in addition to **local participation and technical design**. It also highlights the importance of **transparent communication, governance clarity** and the ability to **reorient the project when administrative obstacles emerge**. More broadly, the Cres experience confirms that RECs can function as practical testbeds for policy reform: by exposing inconsistencies in the legal framework, they help identify where national legislation and administrative practice still need to evolve in order to support citizen-led energy transition more effectively.

Although Croatian legislation formally recognises renewable energy communities and citizen energy communities, important elements necessary for practical implementation remain **underdeveloped or insufficiently operationalised**, particularly regarding energy sharing arrangements, market participation, grid tariffs, balancing responsibilities and the interaction between different sectoral regulations.

8. Policy Recommendations for Public Administrators

8.1 Strategic and enabling role of local authorities

Local authorities play a strategic and enabling role in the development of Renewable Energy Communities, especially in small-island contexts where **institutional visibility, public trust** and coordination capacity can strongly influence whether a project moves from intention to implementation. Their contribution should not be limited to administrative approval or formal endorsement. Municipalities can act as **conveners, facilitators, partners** and **legitimacy-builders**, helping to connect local needs, policy objectives and practical implementation pathways.

The pilot-island experience shows that this role may take different forms. In Astypalea, the Municipality was central in supporting stakeholder engagement,

facilitating communication with residents and helping structure the creation of the Citizen Energy Community. In Procida, municipal involvement provided visibility, institutional backing and a framework within which the participatory process could grow and consolidate. In Cres, local public institutions were directly involved in the REC design process, showing how municipalities and public bodies can also become active components of a community energy pathway rather than remaining external supporters. "In the Croatian context, energy cooperatives currently provide one of the few practically viable organisational pathways for community-led renewable energy initiatives. Across the three pilots, local public actors helped **reduce uncertainty, create stable reference points** and make the REC process **more understandable and credible to the wider community**.

For public administrators, this means that supporting a REC should be understood as a **proactive governance task**. Municipalities can help identify feasible pilot projects, provide **access to local information**, facilitate stakeholder coordination, **host or support community meetings**, and connect REC initiatives with broader local priorities such as energy resilience, climate planning, social inclusion and sustainable territorial development. In small islands, where public institutions are often among the few actors with stable convening power and public recognition, this enabling role becomes particularly important.

At the same time, the pilot cases also suggest that municipal leadership is most effective **when it does not replace community initiative, but supports it**. Public authorities should create the conditions for participation, transparency and continuity **without turning the REC into a purely top-down institutional project**. In this sense, the most effective local authorities are those able to combine institutional credibility with openness, responsiveness and a genuine willingness to share the process with community actors. This balance is essential if RECs are to become not only formally established entities, but **socially rooted and durable local projects**.

8.2 Communication, participation and accountable governance

For public administrators, communication and participation should not be treated as secondary or purely supportive elements of REC development. The pilot-island experience shows that they are central to legitimacy, continuity and implementation. In small-island contexts, where **social visibility is high** and trust strongly shapes collective action, public communication needs to be **clear, accessible and consistent**. Local authorities should therefore avoid presenting RECs as purely technical or already-defined projects and instead frame them as **shared processes** in which citizens, local organisations and public actors can understand, discuss and **gradually shape the initiative**.

This also means that participation should be organised in ways that are **credible and inclusive**. The experiences of Astypalea and Procida show the value of **repeated contact with the community**, direct dialogue, facilitation by trusted local figures, and the use of formats that reduce distance between institutions and residents. In Cres as well, continuous information-sharing and transparent communication proved essential, especially when legal uncertainty risked undermining trust. For public administrators, a first recommendation is therefore to **invest in communication and engagement from the early stages**, not only to inform citizens, but also to build **shared understanding**, surface concerns and reduce the risk of later resistance or disengagement.

A REC is more likely to remain credible over time **when local actors understand how decisions are taken**, who is responsible for what, how benefits are expected to be distributed, and what degree of influence members can exercise. For this reason, local authorities supporting REC development should encourage governance models that are transparent, understandable and proportionate to local capacities. This includes **clarity on membership rules**, decision-making procedures, internal roles, and the relationship between municipalities, citizens and other participating actors.

More broadly, the pilot cases suggest that accountable governance is closely linked to **social responsibility**. Public administrators should not treat RECs only as energy projects, but as collective initiatives that may affect local trust, expectations and perceptions of fairness. This requires particular attention to **inclusion, benefit-sharing and transparency**, especially where municipalities play a prominent role in the process.

8.3 Coordination and alignment with higher-level instruments

Local REC initiatives can only develop effectively if they are **connected to the wider legal, policy and financial frameworks** in which they operate. For public administrators, this means that supporting a REC is not only a local governance task, but also a coordination task. Municipalities need to understand how local projects relate to national legislation, regional procedures, available incentives and broader EU policy priorities. The pilot-island experience shows clearly that many of the main barriers to REC development do not arise only at community level, but from the interaction between local initiative and higher-level institutional frameworks.

This is particularly evident in the case of Cres, where **legal uncertainty**, inconsistent interpretation and lack of harmonisation between different parts of the Croatian framework directly affected the registration process. But the same lesson also applies, in different ways, to Astypalea and Procida, where REC implementation depended on how local pathways could be aligned with national rules, registration procedures, incentive schemes and technical requirements. For this reason, public

administrators should not treat higher-level instruments as external background conditions, but as active elements shaping the feasibility, timing and design of local REC initiatives. The practical implementation of RECs also depends heavily on the operational readiness of distribution system operators, particularly regarding metering infrastructure, energy sharing implementation and settlement procedures.

In practice, one of the main unresolved issues in Croatia concerns the operational implementation of energy sharing mechanisms within community-based energy models.

A key recommendation is therefore to strengthen the capacity of local authorities to act as connectors between the local community and higher governance levels. This includes **monitoring relevant legislative developments**, **identifying available funding opportunities**, maintaining **dialogue with regional and national authorities**, and ensuring that local REC projects are designed in a way that remains **compatible** with existing legal and financial frameworks.

More broadly, alignment with higher-level instruments should help municipalities connect REC development with **wider strategic objectives**, including climate mitigation, energy resilience, social inclusion and territorial development. For public administrators, the challenge is therefore not only to support a single project, but to position the REC within a **multi-level policy environment** that can make **local energy transition more coherent, durable and scalable**.

9. Conclusions

This deliverable has shown that the development of Renewable Energy Communities in small-island contexts depends on a **combination of regulatory, institutional, social and financial conditions**. European legislation has created an important enabling framework, but the experience of the ISLET pilot islands confirms that formal recognition alone is not sufficient. RECs can develop effectively only when regulation is translated into **accessible procedures**, **supportive local governance** and **realistic implementation pathways**. European legislation has created the formal basis for enabling Renewable Energy Communities, but practical implementation still depends heavily on the quality of national transposition, operational procedures and institutional coordination.

The cases of Procida, Astypalea and Cres highlight a common lesson: RECs are not only energy projects, but also **community-building processes**. In all three pilots, trust, facilitation and continuous local engagement proved essential for moving from general interest to more structured forms of participation. At the same time, the project also revealed **persistent barriers**, especially where legal ambiguity, administrative complexity and institutional misalignment slowed down

implementation or made it more uncertain. The Croatian experience also illustrates the transitional nature of current REC implementation frameworks, where legal recognition exists but practical market integration mechanisms are still evolving.

A second key lesson concerns the **role of local authorities**. Municipalities can provide legitimacy, continuity, visibility and coordination, while also helping connect REC initiatives with broader local priorities such as energy resilience, social inclusion and sustainable territorial development. However, the pilot cases also show that public support is most effective when it enables participation rather than replacing it. In small-island contexts, REC pathways are stronger when institutional support and grassroots initiative evolve together.

More broadly, LIFE ISLET suggests that small islands can function as particularly **relevant laboratories for the energy transition**. Their conditions make barriers more visible, but they also make visible the factors that can enable success: **trusted local actors, clear governance, visible pilot projects**, iterative participation and better alignment between local action and higher-level policy instruments. These lessons are highly relevant not only for islands, but also for rural and peripheral territories facing similar combinations of energy vulnerability, limited capacity and need for place-based solutions.

In conclusion, Renewable Energy Communities should be understood as **practical and locally rooted instruments** for advancing the energy transition. Their value lies not only in renewable energy generation or cost savings, but also in their capacity to **strengthen local resilience**, broaden participation and **connect decarbonisation with collective benefit**. Supporting their diffusion therefore requires not only better rules and incentives, but also **long-term investment in facilitation, public capacity and socially grounded implementation processes**.



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